



# ***INSIGHTS***

**108<sup>th</sup> Congress**

**February 17, 2004**

*Also available on the FEMP Home Page at  
[www.eere.energy.gov/femp/resources/insights.html](http://www.eere.energy.gov/femp/resources/insights.html).*

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***INSIGHTS*** is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

# I. WEEKLY SUMMARY

## CONGRESSIONAL SCHEDULE

- The House and Senate are on recess this week and will return on Monday, February 23.

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## II. COMMITTEE ACTIVITY

### HOUSE

***Leadership Change - Committee on Energy and Commerce*** Last week, Joe Barton (R/TX) was nominated by the Republican Steering Committee to take over as Chair of the Committee on Energy and Commerce. This action was taken because the current chair, Billy Tauzin (R/LA) resigned from his post as chair effective February 16, and plans to retire from Congress at the end of the year. The nomination is pending confirmation by the Republican Conference and by a vote of the full House during the week of February 24. [Mr. Barton told members of the Republican party that his foremost concern upon assuming the leadership role will be to pass comprehensive energy legislation.](#) He also pledges to “work on a bipartisan basis with the members of the full committee and the House to improve health care, telecommunications, energy, environment, and trade policies.” Mr. Barton’s move to chair the full committee opens the chairmanship of the Subcommittee on Energy and Air Quality, which he currently chairs. Last week, reports indicated that Ralph Hall (R/TX) may be tapped to fill the subcommittee leadership position given his 12-term tenure in Congress and senior position on the committee. Representative Hall recently changed party affiliations from a Democrat to a Republican.

### Legislation

*No new bills of interest to report.*

### Summary of Hearings

***Energy Supply and the American Consumer*** On February 12, members of the Subcommittee on Energy and Mineral Resources (Committee on Resources) received testimony on the future of energy resources from Guy Caruso, Administrator of the Energy Information Administration (EIA), Kara Rinaldi of the Alliance To Save Energy, and a panel of other energy industry representatives. According to Mr. Caruso, EIA expects that in the short term, crude oil prices will keep gasoline prices around \$1.57 per gallon in 2004; natural gas spot prices, which averaged \$3.23 in 2002 and rose more than 70 percent in 2003, are expected to maintain the 2003 level through 2005; and retail electric rates may be several percentage points higher this winter due to higher fuel costs. EIA’s long term energy outlook reveals that U.S. natural gas supplies will become increasingly dependent on unconventional production, Alaskan natural gas reserves, and imports of liquefied natural gas. Ms. Rinaldi emphasized the importance of energy efficiency; she said, “Energy efficiency gains since 1973 are now saving at least 39 quadrillion BTUs of energy each year, or 40 percent of our actual energy use. The energy savings we are enjoying from energy efficiency far exceeds consumption of natural gas or coal, and far outpace energy produced using oil, nuclear, and other energy sources. Without these enormous savings on the demand side, our difficulties in meeting energy demand would be far, far worse than they are today.” Ms. Rinaldi pointed

out DOE's goal to promote the construction of buildings that produce as much energy from solar cells as they use. She spoke about the economic benefits of energy efficiency: "Since 1973, the per capita Gross Domestic Product has grown by about 70 percent, while per capita energy use has actually declined slightly for at least two reasons: 1) lowering energy use saves businesses money and thus makes them more efficient and competitive; and, 2) limiting energy demand lowers energy prices -- in fact consumers pay less (in real terms) for gasoline, heating oil, and electricity today than they did in the 1970's."

## SENATE

### Legislation

***Comprehensive Energy Legislation*** The status of H.R. 6 – Energy Policy Act of 2003 took a number of dramatic turns last week, when, at the end of the week, a revised bill was introduced as S. 2095. On Friday, February 12, Pete Domenici (R/NM) Chair of the Committee on Energy and Natural Resources and the Conference Committee for *H.R. 6* announced that 1) he was introducing a "lean" energy bill and that 2) Majority Leader Bill Frist (R/TN) and Minority Leader Tom Daschle (D/SD) had reached an agreement to ensure quick Senate consideration of the revised bill by placing the bill immediately on the Senate calendar, thereby bypassing the committee mark up process. ***The Senate is expected to begin consideration of the bill during the week of February 23.*** The bill, which excludes the House-sponsored provision to provide liability protection for MTBE manufacturers, is opposed by the House on that point. The bill also reduces the availability of tax incentives and credits from \$24 billion to \$14 billion. The House is expected to reintroduce its own version of comprehensive energy legislation. In his prepared announcement, Chairman Domenici said in part:

...we want to move quickly to a vote on this bill with a minimum number of amendments. I look forward to floor consideration shortly after we return from the recess.

I worked closely with leadership to make sure this energy bill addresses our energy challenges, achieves the same goals the old bill did and creates as many new jobs.

...we cut costly provisions, we didn't cut jobs...The tax incentives for renewable energy, coupled with the ethanol, clean coal and natural gas provisions create every single job the old energy bill would have created. They create them as swiftly as the old bill would have done.

We shaved off half the cost and still pump more than 800,000 new jobs into our economy. The ethanol provision alone will do more to bring new life to rural America than anything that has passed through Congress in the last two decades.

The over 1,242-page bill, which is now about half the cost of the original energy bill, H.R. 6 amounting to \$31 billion, will require time to be reviewed in detail as a comparison to the conference report for H.R. 6. However, provisions of interest in the new Senate bill regarding Federal energy management include the following guidance:

#### **Title I – Energy Efficiency**

- ***Deletes the H.R. 6 provision, which reauthorizes Energy Savings Performance Contracting*** (most likely in response to a recent Congressional Budget Office recommendation stating that this action would save \$3 billion)

- Directs the Federal Government to reduce energy use by 20 percent from 2004 through 2013 as compared to 2001 consumption levels – the provision also applies to industrial and laboratory facilities.
- Permits the retention of energy and water savings due to action taken as a result of funds appropriated for energy, water, and wastewater expenditures in Federal buildings.
- Directs DOE to review the results of implementation of the energy performance requirement and provide recommendations for requirements for years 2014 through 2023, by December 31, 2012.
- Directs that all Federal buildings, based on DOE guidelines, are metered or submetered by October 1, 2010.
- Directs Federal agencies to procure either EnergyStar® or FEMP-designated products for Federal facilities; such products are to be included in Federal inventories or listings (e.g., General Services Administration, Defense Logistics Agency).
- Directs the Department of Energy to publish (by rule), revised Federal building energy performance standards within one year of enactment of the Act.
- Directs Federal agencies to submit a “Statement of Compliance” by providing a list of all new Federally owned, operated, or controlled buildings, which is to include a statement on whether such buildings meet or exceed revised energy performance standards.
- Establishes an Advance Building Efficiency Tested program, coordinated by the Department of Energy in consultation with the General Services Administration to develop, test, and demonstrate advanced engineering systems, components, and materials.

(Note: Where applicable, *S. 2095* includes provisions that provide exclusion or exemption from the guidance.)

## **Title II – Renewable Energy**

- Directs the Department of Energy to ensure, to the extent feasible and practicable, the purchase power from renewable resources based on the following percentages of total annual energy consumed:
  - Not less than 3 percent in 2005 through 2007
  - Not less than 5 percent in 2008 through 2010
  - Not less than 7.5 percent in 2011 and each fiscal year thereafter

(Note: renewable energy is defined as “electric energy generated from solar, wind, biomass, landfill gas, geothermal, municipal solid waste, or new hydroelectric generation capacity.”)

- Authorizes the General Services Administration to establish a photovoltaic energy commercialization program for the procurement and installation of PV systems for electric production in new and existing public buildings.

### Title III – Oil and Gas

- Within two years of enactment of the Act, the Department of the Interior in cooperation with the Department of Agriculture, is directed to develop recommendations regarding opportunities to develop renewable energy on public lands.

***Recreational Fee Demonstration Program*** The Committee on Energy and Natural Resources approved S. 1107 – No Short Title, which authorizes the National Park Service (NPS) to charge entrance fees to help pay for various facility improvement projects within the parks. The FY 2005 Budget Request for the Department of the Interior assumes that the NPS will collect \$140 million in fees from the program in FY 2005. The legislation allows the NPS to reduce its dependency on annual appropriations earmarks and collect funds separately for onsite facility improvements and other projects (80 percent of the fees collected at each site remain available for use in that park area). Gale Norton, Secretary of the Interior, said that the recreational fee demonstration program “has been a great success on the Park Service side... we think if used appropriately it can also be a success for wildlife refuges and appropriate BLM areas.” The bill does not extend the fee demonstration program for the Forest Service, Bureau of Land Management, or the Fish and Wildlife Service. Jeff Bingaman (D/NM), ranking committee member said, “By failing to consider comprehensive fee legislation, the committee is encouraging the continuation of the fee demonstration program through the appropriations process.” The recreational fee demonstration program, which is now reauthorized through January 1, 2006, was established in 1996.

*No new bills of interest to report.*

### Summary of Hearings

***Senate FY 2005 Budget Request for the Department of Homeland Security*** On February 10, members of the Subcommittee on Homeland Security (Committee on Appropriations) received testimony on the FY 2005 Budget Request from Tom Ridge, Secretary of the Department of Homeland Security (DHS). The \$40.2 billion request - which represents a \$3.6 billion increase over the FY 2004 budget - includes increased funding for new and expanded programs in border, port, and transportation security, immigration enforcement and services, biodefense, incident preparedness and response, among other initiatives. The budget includes an increase of \$45.1 million from the previous year’s budget to expand the DHS Nebraska Avenue Complex (NAC) facility. “These resources will enable DHS to perform tenant improvements to the facility and relocate U.S. Navy operations, pursuant to congressional authorization, from the NAC to leased facilities.”

***FY 2005 Budget Request for the Department of Energy*** On February 10, Kyle McSlarrow, DOE Deputy Secretary of Energy, presented testimony on the President’s FY 2005 Budget for the Department of Energy to members of the Committee on Energy and Natural Resources. The \$24.3 billion budget request – the largest ever for DOE – is almost a four percent increase over the FY 2004 budget request. The Office of Management and Budget recently announced that DOE has made the most progress among cabinet-level agencies in the implementation of the President’s Management Agenda. He highlighted DOE’s efforts to “pursue a path toward a ‘hydrogen economy’” and the Department’s emphasis on “preparing long-term energy solutions that will eventually make questions of supply and environmental effects obsolete.” He told members that the energy portfolio mapped out in the FY 2005 budget “takes a long-term focus through investments in hydrogen use and production, electricity reliability, and advanced coal and nuclear energy power technologies.” Other notable provisions in the budget request include:

- \$544 million for R&D to improve energy efficiency and reliability in buildings, transportation, and industry

- \$375 million for R&D to reduce the cost of renewable energy technologies and to promote deployment of renewable technologies
- \$2.7 billion for energy resource programs to make energy use more secure, more efficient, and more environmentally benign
- \$227 million for hydrogen activities, which includes \$173 million for the Energy Efficiency and Renewable Energy program, \$9 million for the Nuclear Energy program, \$16 million for the Fossil Energy program, and \$29 million for the Science program
- \$91 million to modernize and expand the national electricity transmission grid which includes \$10.5 million to support grid hardware and information technology

***FY 2005 Budget Request for the Department of the Interior*** On February 12, the Committee on Energy and Natural Resources received testimony on the FY 2005 Budget Request for the Department of the Interior (DOI) from Gale Norton, Secretary of the Interior. The \$11.0 billion budget request includes \$10.0 billion for programs funded in the *Interior and Related Agencies Appropriations Act*, an increase of \$228.4 million above the FY 2004 enacted level, and \$1.0 billion for programs funded in the *Energy and Water Development Appropriations Act*, an increase of \$21.8 million above FY 2004. Ms. Norton told committee members that the budget seeks to “fulfill the President’s commitments to fully [address the backlog of park repair and maintenance needs](#)” and support the goals of the National Energy Plan. Specific provisions of the budget request include:

- Developing fossil and renewable resources on lands managed by DOI (currently 17 percent of hydropower and 20 percent of wind power produce nation-wide are produced in areas managed by DOI)
- Provide an \$800,000 increase over FY 2004 budget to enhance permitting of renewable energy development and processing of rights-of-ways for both renewable and non-renewable energy resources
- *Provide* \$1.1 billion for maintenance, rehabilitation, and road repair to improve the condition of National Park Service facilities and resources (part of a five-year, \$4.9 billion plan for park facility maintenance and construction)
- Provide \$724.7 million for park facility maintenance and construction
- Provide \$8.2 million of a \$13.2 million increase in the repair and rehabilitation budget to be used to bring facility conditions and maintenance backlog up to “good” condition by 2009, using an estimated facility condition index (Tool will enable NPS to monitor facility improvements and evaluate the performance and efficacy of maintenance programs).

***FY 2005 Defense Authorization Request*** On February 10, members of the Committee on Armed Services heard testimony on the FY 2005 Defense Authorization request prepared by Peter Schoomaker, U.S. Army; Vernon Clark, U.S. Navy; Michael Hagee, U.S. Marine Corps; and John Jumper, U.S. Air Force. Mr. Schoomaker told members that in order to improve facilities that had previously “adversely affect[ed] mission and training requirements,” [the Army established the Installation Management Agency, and the](#)

Installation Sustainability Plan, which ensures each facility fulfills environmental requirements; assists in the modernization of barracks and housing; and promotes the divestiture of redundant facilities infrastructure and non-core utility systems through privatization. Mr. Shoomaker said, “We have made progress in improving our installations by adjusting existing programs and developing new management strategies.”

Mr. Hagee told committee members that a successful Base Realignment and Closure process “is critically important to the Nation, the Department of Defense, and the Department of Navy. By eliminating excesses and improving efficiencies, the armed services will achieve a transformation of our infrastructure in the same way we are achieving a transformation of our forces.”

Several programs established by the Navy will improve the efficiency and management of its installations. The Facilities Sustainment, Restoration, and Modernization program will eliminate inadequate family and bachelor housing by FY 2007. In addition, design-build improvements and Base Realignment and Closure land sales through use of the GSA Internet will assist the Navy in reaching its facility improvement goals.

Mr. Jumper said that over the next three years, the Air Force plans to renovate or replace over 60,000 homes through privatization and military construction. He noted that the Air Force is “providing quality homes faster than ever before.”

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## **STATUS OF FY 2005 APPROPRIATIONS**

House and Senate committees are currently holding hearings in which Federal and non-Federal witnesses are invited to provide testimony. However, no FY 2005 appropriations bills have been introduced in either the House or the Senate.

## **CONFERENCE COMMITTEES/VOTES**

*No activities of interest to report.*

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## **III. NEW LEGISLATION**

*(Note: Once a new bill is introduced, the Government Printing Office generally requires from several days to one week to make the bill available in print)*

### **HOUSE**

*No new legislation of interest to report.*



## SENATE

*No new legislation of interest to report.*

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## IV. ADMINISTRATION INITIATIVES

*No new activities of interest to report.*

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## V. HEARINGS SCHEDULE

### HOUSE – COMMITTEE ON APPROPRIATIONS

| Date/Committee   | Chair                       | Hearing Title/Issues  | Witnesses  | Time/ Location   |
|--|-----------------------------|---|--|--|
| <b>February 25 –</b><br>Subcommittee on<br>Agriculture, Rural<br>Development and<br>Related Agencies | Henry<br>Bonnilla<br>(R/TX) | <b>Hearing –</b><br><br>FY 2005 Budget Request for<br>the Department of<br>Agriculture  | TBA  | 9:30 a.m.<br>Room 2362A<br>Rayburn Office<br>Building  |
| <i>(NEW)</i>   |                             |   |  |  |
| <b>February 25 –</b><br>Subcommittee on<br>Interior and<br>Related Agencies                          | Charles<br>Taylor<br>(R/NC) | <b>Hearing –</b><br><br>FY 2005 Budget Request for<br>the Department of the<br>Interior | Secretary Gale<br>Norton,<br>Department of the<br>Interior | 10:00 a.m.<br>Room B-308<br>Rayburn Office<br>Building |
| <b>February 26 –</b><br>Subcommittee on<br>Interior and<br>Related Agencies                          | Charles<br>Taylor<br>(R/NC) | <b>Hearing –</b><br><br>FY 2005 Budget Request for<br>the Department of Energy          | Secretary Spencer<br>Abraham,<br>Department of<br>Energy   | 10:00 a.m.<br>Room B-308<br>Rayburn Office<br>Building |



| Date/Committee  | Chair                | Hearing Title/Issues  | Witnesses   | Time/ Location                                     |
|---|----------------------|---|---|--|
| <b>February 26 –</b><br><br>Subcommittee on Commerce, Justice, State, and the Judiciary | Frank Wolf<br>(R/VA) | <b>Hearing –</b><br><br>FY 2005 Budget Request for the Department of Commerce | Secretary Donald Evans,<br>Department of Commerce | 10:00 a.m.<br>Room 2359<br>Rayburn Office Building |

*(NEW)*

|   |                           |  |  |  |
|---|---------------------------|--|--|--|
| <b>March 3 –</b><br><br>Subcommittee on Military Construction | Joe Knollenberg<br>(R/MI) | <b>Hearing –</b><br><br>Family Housing Privatization | William Armbruster,<br>Deputy Assistant Secretary of the Army for Privatization and Partnerships | 9:30 a.m.<br>Room B-300<br>Rayburn Office Building |
|---|---------------------------|--|--|--|

*(NEW)*

## HOUSE – AUTHORIZATIONS/OVERSIGHT

| Date/Committee                                      | Chair                | Hearing Title/Issues   | Witnesses  | Time/ Location                                   |
|---|----------------------|--|--|--|
| <b>February 25 –</b><br><br>Committee on the Budget | Jim Nussle<br>(R/IA) | <b>Hearing –</b><br><br>Economic Outlook and Current Fiscal Issues | Chairman Alan Greenspan,<br>Federal Reserve System | 10:00 a.m.<br>Room 210<br>Cannon Office Building |

*(NEW)*

## SENATE – COMMITTEE ON APPROPRIATIONS

*No new hearings, mark ups or votes of interest have been scheduled.*

## SENATE – AUTHORIZATIONS/OVERSIGHT

| Date/Committee                                      | Chair                 | Hearing Title/Issues  | Witnesses   | Time/ Location                                |
|---|-----------------------|---|---|---|
| <b>March 2 –</b><br><br>Committee on Armed Services | John Warner<br>(R/VA) | <b>Hearing –</b><br><br><i>FY 2005 Defense Authorization bill</i> | Les Brownlee,<br>Acting Secretary,<br>U.S. Army<br><br>Gordon England,<br>Secretary, U.S. Navy<br><br>James Roche,<br>Secretary, U.S. Air Force | 9:30 a.m.<br>Room 216<br>Hart Office Building |

## **CONFERENCE COMMITTEE NEGOTIATIONS AND FLOOR VOTES**

*No activities of interest have been scheduled.*

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